

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: Legacy IMBDS, Inc.

Case No. 23-10852 (KBO)
Reporting Period: 10/1/2023 through 10/31/2023

MONTHLY OPERATING REPORT

For the Period of:
October 1, 2023 through October 31, 2023

**GLOBAL NOTES AND STATEMENTS OF LIMITATIONS AND
DISCLAIMERS REGARDING THE DEBTORS' MONTHLY OPERATING REPORTS**

On June 28, 2023, each of ValueVision Media Acquisitions, Inc.; Legacy IMBDS, Inc.; ValueVision Interactive, Inc.; Portal Acquisition Company; VVI Fulfillment Center, Inc.; ValueVision Retail Inc.; JWH Acquisition Company; PW Acquisition Company, LLC; EP Properties, LLC; FL Acquisition Company; Norwell Television, LLC; and 867 Grand Avenue, LLC (each, a "Debtor", and, collectively, the "Debtors") filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Chapter 11 Cases"). The Debtors' Chapter 11 Cases are being jointly administered under lead Case No. 23-10852 (KBO). Each Debtor has filed its own Monthly Operating Report ("MOR"), but these notes are consolidated and include separate notations for each Debtor where applicable.

Basis of Presentation - The Debtors are filing these MORs solely for the purposes of complying with the reporting requirements applicable in their respective Chapter 11 Cases. The financial information contained herein is presented on a preliminary and unaudited basis, remains subject to adjustments, and may not comply in all material respects with generally accepted accounting principles in the United States of America ("U.S. GAAP"). This MOR should not be relied on by any persons for information relating to the Debtors' future financial conditions, events, or performance. The financial information has been derived from the Debtors' books and records. This information, however, has not been subject to certain procedures that typically would be applied to financial information in accordance with U.S. GAAP, which procedures could yield materially different financial information. The information furnished in this report primarily includes normal recurring adjustments, but it does not include all adjustments that typically would be made for financial statements prepared in accordance with U.S. GAAP, including certain tax-related or other required adjustments. The results of operations contained herein may not necessarily be indicative of expected results for any other period or for the full year and may not necessarily reflect the combined results of operations and financial position of the Debtors in the future. The financial statements of the Debtors' non-debtor affiliates have not been included in the MOR. The Debtors' filed at end of day and any activity in these reports are presented assuming all activity on the filing date occurred before the Debtor's filed their petitions with the Court.

Liabilities Subject to Compromise - Liabilities subject to compromise ("LSTC") have been reported at the amounts recorded on the Debtors' books and records as of the date of the MOR. The amounts classified as LSTC in the financial statements included herein are preliminary and may be subject to future adjustments depending on developments with respect to, among other things: disputed claims; determinations of the secured status of certain claims; the values of any collateral securing such claims; rejection of executory contracts; reconciliation of claims; and other events. Scheduled claims are subject to change and reconciliation to any filed claims, MORs are filed prior to Bar Date. See also Notes to MOR Part 2 (below).

Reservation of Rights - Given the complexity of the Debtors' businesses, inadvertent errors, omissions, or over-inclusion of amounts may have occurred. Accordingly, the Debtors hereby reserve all of their rights to dispute the validity, status, enforceability, or executory nature of any claim amount, representation, or other statement in this MOR. The Debtors reserve the right to amend or supplement this MOR, if necessary, but are under no obligation to do so.

Reporting Period - Unless otherwise noted herein, the MOR generally reflects the Debtors' books and records and financial activity occurring during the applicable reporting period. Except as otherwise noted, no adjustments have been made for activity occurring after the close of the reporting period.

Specific MOR Disclosures -

Supporting Documentation - Statement of capital assets: Please see the Debtors' balance sheets for information regarding capital assets.

All bank statements and bank reconciliations for the reporting period: Each of the Debtors affirms that it has received and reconciled the monthly bank statements for all open and active bank accounts as of October 31, 2023. In addition to the Debtors' open and active accounts, the Debtors also maintain one dormant account held by VVI Fulfillment Center, Inc. Due to account inactivity, this account is in escheat status and the Debtors are unable to access a bank statement as a result. In lieu of a bank statement, the Debtors have a list of transactions going back to December 2022 that includes the account balance and all activity.

Supporting Documentation -

Notes to Part 1: Cash Receipts and Disbursements and MOR Cash Flow attachment:

The cash flow presented for Legacy IMBDS, Inc. is on a consolidated basis for all twelve Debtors for the period of October 1, 2023 through October 31, 2023. Cash balance end of month included in 'Part 1: Cash Receipts and Disbursements' reflects cash in the Debtors' bank accounts as of October 31, 2023. Cash balance in the Balance Sheet attachment reflects cash in the Debtors' bank accounts as of October 31, 2023. On a regular basis, Portal Acquisition Company, JWH Acquisition Company, and FL Acquisition Company's cash collections are collected into a Legacy IMBDS, Inc. bank account. These cash movements are captured on the Legacy IMBDS, Inc. MOR. Also, Legacy IMBDS, Inc. funds certain disbursements made on behalf of all other Debtors on a regular basis, which disbursements are captured on the Legacy IMBDS, Inc. MOR.

The beginning and ending cash balances presented are the bank cash balance obtained from the Debtors' bank statements as of each date, these balances do not include the balances of petty cash held at retail store locations, which total approximately \$60k. Disbursements activity reflects the book value of disbursement transactions that occurred during the period while the receipts amount is shown net of float and of any funds not yet received into the bank accounts as of month-end.

Notes to MOR Part 2b: Accounts receivable over 90 days outstanding (net of allowance): Amounts listed reflect gross receivables; the Debtors do not specifically apply by customer an allowance to the balances outstanding over 90 days. Some accounts receivable related to the Debtors' customers may be subject to downward adjustments due to reserves. Such adjustments are accounted for as "doubtful or uncollectible" accounts. Cash discount reserves, returns and allowance reserves, rebate reserves, volume trade discounts reserves, and pricing reserves are not reflected in the Debtors' Account Receivable over 90 days balance. These amounts are estimated and are not assigned by customer. Inclusion of intercompany notes and payables in LSTC are reported by each Debtor.

Notes to MOR Part 2m: Certain of the Debtors' liability accounts subject to the Debtors' first day motions related to customer programs, insurance obligations, taxes, and employee wages and benefits have been categorized as Not Subject to Compromise ("NSTC") pursuant to the relief provided in the orders approving such motions. These balances include both liabilities incurred pre- and post-petition. LSTC balances reflect balance sheet amounts including debt issuance costs with respect to the unsecured and secured debt. Reductions in Legacy IMBDS, Inc. accounts payable balance is due to certain cure payments made by IV Media, LLC (the "Buyer") on account of pre-petition debt.

Notes to MOR Part 3: Pursuant to the Order (I) Authorizing the Sale of Substantially All of the Debtors' Assets Free and Clear of All Encumbrances Other Than Assumed Liabilities; (II) Approving the Debtors' Entry into the Asset Purchase Agreement; (III) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (IV) Granting Related Relief [Docket No. 461] (the "Sale Order") entered by the Court on August 15, 2023, the Buyer acquired substantially all of the Debtors' assets. On August 16, 2023, the Debtors filed the Notice of Closing of Sale Transaction and Assumption and Assignment of Executory Contracts and Unexpired Leases [Docket No. 467] notifying, among other things, that the closing of the sale transaction approved by the Sale Order occurred on August 16, 2023. The MORs reflect disbursements made by the Debtors' estates only. All cash consideration being reflected on the Legacy IMBDS, Inc., et al. MORs are currently estimates that are fully allocated to Legacy IMBDS, Inc. as Buyer has not yet provided a purchase price allocation.

Notes to MOR Part 7a: The Debtors have issued payments on pre-petition debt pursuant to certain interim and/or final first day orders. Please see attachment for a list of such payments. The disbursements exclude payments related to insiders, which are separately disclosed in the Schedule of payments to insiders. Certain of the Debtors' payments pursuant to first day orders related to customer programs, insurance, taxes and employee wages are not included in the listing of payments and are reported separately pursuant to such orders.

Notes to MOR Part 7i: All of the Debtors are covered by the same insurance policies.

Notes to MOR Balance Sheet attachment:

The Debtors' consolidated financial statements that have been prepared for external reporting and other purposes contain other entries that are not reflected in the financial statements contained herein. Certain of the Debtors' liability accounts subject to the Debtors' first day motions related to customer programs, insurance obligations, taxes, and employee wages and benefits have been categorized as NSTC pursuant to the relief provided in the orders approving such motions. These balances include both liabilities incurred pre- and post-petition. LSTC balances reflect balance sheet amounts including debt issuance costs with respect to the unsecured and secured debt. Reported net operating losses are presented through tax year 2020.

Legacy IMBDS, Inc.

Statement of Cash Receipts and Disbursements

For the Period 10/1/2023 through 10/31/2023

	10/1/2023 - 10/31/2023	
	Amount (\$ Thousands)	
<u>Operating Receipts</u>		
Customer Receipts, Net of Float	\$	-
Other Receipts		54
Sale Proceeds		-
Total Operating Receipts	\$	54
<u>Operating Disbursements</u>		
Material Costs & Freight	\$	-
Payroll & Other Employee Cost		-
Facility/Office Expenses		-
Taxes		246
Other Accounts Payable		-
Total Operating Disbursements	\$	246
Operating Cash Flow	\$	(192)
Interest - Pre / Adequate Protection		-
Professional Fees		(6,651)
Non-Operating Disbursements		(6,651)
Net Intercompany Transactions		-
Net Cash Flow (Usage)	\$	(6,843)
Beginning Bank Cash Balance		15,888
Net Cash Flow		(6,843)
Draws/(Paydowns)		-
Ending Bank Cash Balance	\$	9,046

Legacy IMBDS, Inc.

Balance Sheet

As of October 31, 2023⁽¹⁾

(In 000's of USD)

	Oct-23
ASSETS	
Cash and Cash Equivalents	\$ 9,046
Accounts Receivable	-
Intercompany Receivable/(Payable)	-
Deposits and Prepaids	-
Inventory	-
Inventory Reserve	-
Current Broadcast Rights	-
Income Tax Payable/Receivable	(496)
Total Current Assets	\$ 8,550
Property & Equipment	\$ -
Accumulated Depreciation	-
Intercompany Notes Receivable	27,028
Investment in Subsidiaries	-
Intangibles	-
Broadcast Rights Intangible	-
Exclusivity Agreement	-
LT Deferred Tax Asset	130,876
Tax Valuation Allowance	(132,195)
Long Term Investments	6,653
Deposits and Other Assets	-
Total Assets	\$ 40,913
Accounts Payable	\$ 125,509
Accrued Liabilities	3,267 ⁽²⁾
Reserve for Returns	-
Deferred Revenue Current	-
Broadcast Rights Current	-
Operating Lease	-
Seller Notes Current	6,303
Intercompany Receivable/(Payable)	1,488,887
Current Liabilities	\$ 1,623,966
LT Operating Lease	\$ -
LT Broadcast Rights	-
LT Obligation	80,000
Total Liabilities	\$ 1,703,966
Shareholders Equity Total	\$ (1,663,054)
Total Liabilities and Shareholders Equity	\$ 40,913

⁽¹⁾ Excludes Intercompany amounts.⁽²⁾ Includes customer refunds previously owed.

Legacy IMBDS, Inc.

Income Statement

For the Period 10/1/2023 through 10/31/2023

(In 000's of USD)

October 1 through October 31, 2023

Net Sales	\$	-
Total Cost of Sales	\$	-
Gross margin	<u>\$</u>	<u>-</u>
Total Sales General and Administrative Expenses	\$	-
Operating Profit (Loss)	<u>\$</u>	<u>-</u>
Reorganization Items		
Restructuring Charges		
Total Non-Operating Expense		
Debt Extinguishment	\$	-
Net interest expense	\$	-
Profit (Loss) before taxes	<u>\$</u>	<u>-</u>
Income Taxes	\$	-
Net Income (Loss)	<u><u>\$</u></u>	<u><u>-</u></u>

Legacy IMBDS, Inc.

Accounts Receivable Aging

As of October 31, 2023

(In 000's of USD)

	As per Aging	Other Aging	Adjustments	Total Amount
Not Due Amount	\$ -	\$ -	\$ -	\$ -
1 - 30 days	-	-	-	-
31 - 60 days	-	-	-	-
61 - 90 days	-	-	-	-
>90 days	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Allowance for Doubtful Accounts	-	-	-	-
Reserves	-	-	-	-
Accounts receivable (total net of allowance)	\$ -	\$ -	\$ -	\$ -

Legacy IMBDS, Inc.

Pre- and Post-petition Accounts Payable Aging Summary

As of October 31, 2023

(In 000's of USD)

	Pre-petition	Post-Petition	Adjustments	Total AP	Total Post-Petition Amount
Not Due Amount	\$ -	\$ 2,632	\$ -	\$ 2,632	\$ 2,632
1 - 30 days	18,823,721		-	18,823,721	-
31 - 60 days	12,550,903		-	12,550,903	-
>60 days	94,131,776		-	94,131,776	-
Total	\$ 125,506,400	\$ 2,632	\$ -	\$ 125,509,032	\$ 2,632

Legacy IMBDS, Inc.

Schedule of Payment to Insiders

For the Period 10/1/2023 through 10/31/2023

Disbursement Date	Payment To	Payment for the Benefit of	Type of Payment	Payment (\$)	Notes	Source
10/2/2023	Steve Panagos			\$ 33,000		
10/2/2023	Jill Frizzley			\$ 33,000		

Legacy IMBDS, Inc.

Payments on Pre-Petition Debts

For the Period 10/1/2023 through 10/31/2023

Date	Vendor Name	Payment Amount	Debtor	Invoice Number	Description	Designation	Pay Type	Pay Location	Company	Source File Name
10/6/2023	NY Taxes	\$ 7,070			Past-Due Sales Tax					
10/27/2023	CA Taxes	\$ 238,678			Past-Due Sales Tax					

Legacy IMBDS, Inc.
Schedule of Postpetition Borrowing
For the Period 10/1/2023 through 10/31/2023

Drawdown Date	Lender	Loan Type	Amount (\$)
Total			\$ -

Legacy IMBDS, Inc.
Part 3 Summary
For the Period 10/1/2023 through 10/31/2023

This schedule provides additional detail for information summarized in Part 3 of the MOR. For each sale transition or transfer of property made during the reporting period the following information is required:

Description		Value	Notes
Date of the sale or transfer:			8/16/2023
Description of the asset sold or transferred:			Substantially all assets except for assets of Portal Acquisition Company, excluding certain items for each Debtor
Gross sales price:	\$	56,634,170	Plus purchase price allocation by Debtor not yet received from Buyer
Payments made from the sale proceeds to or by third parties, if any:	\$	44,234,257	Plus amounts reflect payments made by all Debtors
Net sale proceeds received on behalf of the estate, if any:	\$	12,399,913	